

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



**CORRECTED
FISCAL NOTE**

SB 1600 - HB 1467

February 7, 2014

SUMMARY OF BILL: Requires a person with an intellectual disability who is on the waiting list for services to be enrolled in the self-determination waiver within six months of the person's custodial parent or caregiver attaining the age of 75.

ESTIMATED FISCAL IMPACT:

On January 29, 2014, a fiscal note was issued estimating a fiscal impact as follows:

*Increase State Expenditures - \$3,280,300/FY14-15
\$4,228,100/FY15-16
Exceeds \$4,228,100/FY16-17 and Subsequent Years*

*Increase Federal Expenditures - \$6,227,900/FY14-15
\$8,027,300/FY15-16
Exceeds \$8,027,300/FY16-17 and Subsequent Years*

Due to an incorrect federal medical assistance percentage (FMAP) rate, the impact was in error. Based upon the recalculation with the correct FMAP rate, the estimated fiscal impact is:

(CORRECTED)

**Increase State Expenditures - \$3,321,700/FY14-15
\$4,281,400/FY15-16
Exceeds \$4,281,400/FY16-17 and Subsequent Years**

**Increase Federal Expenditures - \$6,186,500/FY14-15
\$7,974,000/FY15-16
Exceeds \$7,974,000/FY16-17 and Subsequent Years**

Assumptions:

- According to the Department of Intellectual and Developmental Disabilities (DIDD), the department does not have data regarding the age of the parents or caregivers of individuals on the waiting list for services.
- Based on discussions between DIDD and the Arc of Tennessee, the Arc estimates that approximately 400 individuals on the waiting list currently have a parent or primary

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caregiver who is 75 years of age or older. This includes everyone on the waiting list in the crisis and urgent categories who is at least 50 years old.

- The average cost per person per day for the self-determination waiver is \$53.80 resulting in an increase in expenditures of \$7,854,800 (400 people x \$53.80 per day x 365 days) in FY14-15.
- DIDD estimates that on average an additional 50 individuals throughout the year will meet the proposed requirements and be enrolled in the self-determination waiver. It is estimated that these individuals, on average, will be enrolled in services for 183 days in FY14-15 resulting in expenditures of \$492,270 (50 people x \$53.80 per day x 183 days).
- According to DIDD, the self-determination waiver does not provide full residential services and has a total spending cap, approximately 3.5 percent of the people transfer to the statewide waiver each year. Due to the population of the waiting list that will be impacted by the bill, it is assumed that a slightly higher percent (5%) will transfer to the statewide waiver resulting in 23 individuals (450 x .05) on the statewide waiver. This waiver has an average cost of \$250.49 per person per day resulting in an increase in expenditures of \$2,102,864 (23 people x \$250.49 per day x 365 days) in FY15-16.
- The remaining 427 individuals (450 – 23) will remain on the self-determination waiver resulting in increased expenditures of \$8,384,999 (427 people x \$53.80 per day x 365 days) in FY15-16.
- DIDD estimates that approximately 10 percent of the waiting list in the 50-59 year old age range will qualify for the self-determination under the provisions of the bill throughout the year resulting in an additional 48 individuals receiving 183 days of services. The estimated increase in expenditures will be \$472,579 (48 people x \$53.80 per day x 183 days) in FY15-16.
- It is assumed that these individuals will attain Medicaid eligibility by virtue of their enrollment in the self-determination waiver. According to the Bureau of TennCare, the average cost per person per year is \$2,732.
- The increase in expenditures to the TennCare program are estimated to be \$1,161,100 [(400 x \$2,732) + (50 x (\$2,732 x .50))] in FY14-15 and \$1,294,968 [(450 x \$2,732) + (48 x (\$2,732 x .50))] in FY15-16.
- The waiver and Medicaid expenses will receive a federal match rate estimated to be 65.065 percent. For purposes of this estimate, it is assumed that the federal match rate will remain constant.
- The total costs in FY14-15 are estimated to be \$9,508,170 (\$7,854,800 + \$492,270 + \$1,161,100). Of this amount, \$3,321,679 (\$9,508,170 x .34935) will be state funds and \$6,186,491 (\$9,508,170 x .65065) will be federal funds.
- The total costs in FY15-16 are estimated to be \$12,255,410 (\$2,102,864 + \$8,384,999 + \$472,579 + \$1,294,968). Of this amount, \$4,281,427 (\$12,255,410 x .34935) will be state funds and \$7,973,983 (\$12,255,410 x .65065) will be federal funds.
- The state and federal expenditures for this bill will continue beyond FY15-16, but due to a number of unknown factors, including but not limited to, the rate of fluctuation for individuals to transfer onto or out of the self-determination waiver and the federal matching rate in the out years, an exact impact cannot be determined. It is estimated that any increase in expenditures in FY16-17 and subsequent years will exceed \$4,281,427 in state funds and \$7,973,983 in federal funds.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

/kml